

EVALUATION OF POLICY PROGRAM PRIORITIES FOR DOD PROGRAM
FOR FISCAL YEARS 1989 THROUGH 1993(U) SYSTEM PLANNING
CORP ARLINGTON VA D S ZAKHEIM MAY 88 SPC-1228

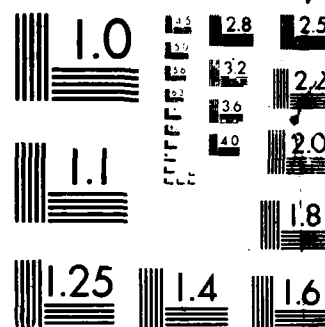
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SYSTEM PLANNING CORPORATION

**EVALUATION OF POLICY PROGRAM
PRIORITIES FOR DoD PROGRAM FOR
FISCAL YEARS 1989 THROUGH 1993**

**FINAL REPORT
SPC 1228**

May 1988

Dov. S. Zakheim

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**Prepared for
Under Secretary of Defense (Policy)
The Pentagon
Washington, D.C. 20301**

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REVIEW OF FY 88 CONGRESSIONAL ACTIVITY
(Contract Item 0002AA)

REVIEW OF FY 88 CONGRESSIONAL ACTIVITY

CONGRESSIONAL BEHAVIOR

In reviewing congressional activity on the FY 88 budget, it is important to bear in mind the following considerations:

- Congressional activity appears to have no link to an overall strategic concept.
- Congress continues to protect O&M accounts relative to other accounts.
- Congress was especially hard on R&D accounts, and even harder on procurement accounts--this applies to both the authorization and the appropriations committees.
- Congress continues to prefer stretchouts to outright cancellations.

The following tabulation summarizes the major accounts as they were authorized for fiscal year 1988:

AUTHORIZATIONS FOR DEFENSE: A COMPARISON (\$ billions)

	FY '87 appropriation	Reagan FY '88 request	House- passed	Senate- passed	Conference Report		Gramm- Rudman cut	Gramm- Rudman alterna- tive
					High tier	Low tier		
Procurement	\$ 85.0	\$ 84.1	\$ 76.4	\$ 81.3	\$ 79.8	\$ 77.1	\$ 79.9	\$ 72.2
Research and Development	35.8	43.7	36.0	40.9	40.5	38.3	33.6	31.0
Operations and Maintenance	80.4	87.7	84.0	86.1	84.8	83.9	75.7	80.1
Military Construction	8.3	10.1	8.3	9.3	8.8	8.4	7.9	7.2
Energy Department, Military	7.5	8.1	7.8	7.8	7.8	7.8	7.0	6.3
Civil Defense	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Other and Adjustment	-1.4	-0.3	-0.2	-0.1	-3.3	-3.7	-0.4	-0.9
Total, Defense Authorization Bill	—	—	\$ 212.4	\$ 225.4	\$ 218.5	\$ 211.9	\$ 203.8	\$ 196.0
Military Personnel	73.8	78.3	77.1	77.9	77.5	77.1	75.4	75.4
TOTAL, Defense Budget Authority	\$ 289.6	\$ 311.9	\$ 289.5	\$ 303.3	\$ 296.0	\$ 289.0	\$ 279.2	\$ 271.4



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Indeed, the contrast between O&M and R&D is great. The Authorization Conference approved a reduction of only 4.3 percent in the O&M accounts, even assuming the so-called "lower tier" budget levels that would be triggered by Gramm-Rudman sequestration,¹ yet cut the R&D accounts by over 12 percent. Even at the higher tier, the R&D accounts are cut by over 7 percent. Similar magnitudes apply to cuts in the procurement accounts.

The appropriations committees appear to be following the general lead of the authorization committees, although applying somewhat greater cuts to the O&M (and military personnel) accounts. It is noteworthy, however, that none of the committees have approved major force structure reductions--such reductions will be politically sensitive and therefore are being left to the administration (note below that there is some resistance to such cuts, especially in the Army). The committees have become bolder in killing weapon systems, although the majority of these kills only take effect if the lower tier budget levels come into force. The list below identifies program kills by committee and by "tier":

PROGRAM KILLED	AUTH. CONFERENCE	HAC	SAC
DDG-51 AEGIS destroyer ^a	High & low	Same	Same
A-6F ^b	High & low	Funded	High & low
LHX	Low only		
V-22	Low only		
Aquila	High & low		Stretch
AV-8B	Low only	Funded	
A-6E	Low only		
EX competition			Killed
C-27	Funded	Funded	Killed
AC-130 gunship	Funded	Killed	Deferred
P-3	Funded	Killed	Killed
SH-2F	Funded	Killed	
C-2 (carrier delivery)	Funded	Killed	

^aCG-47 procured instead.

^bMoney to A-6E.

¹Lower tier assumes that the "budget summit" fails and that Gramm-Rudman applies; high tier assumes no sequestration and increased taxes.

It should be obvious that the number of systems ultimately to be killed by the Congress will be relatively small. Most will be deferred (as is the case with the AC-130 gunship as proposed by the SAC) or stretched.

Action on Strategic Forces Programs

SDI: The congressional reduction to \$3.9 million will, according to DoD, be applied primarily to SATKA (survivability, acquisition, tracking and kill assessment), directed energy weapons, kinteic energy weapons, survivability, and systems analysis/battle management. The SAC had a different set of priorities, for example, recommending funding for the Eximer mid-range laser and ATBM research.

SICBM: The Authorization Bill funds the small missile, though at drastically lower levels should the low tier come into effect (\$700 million vice the request of \$2.23 billion). SAC zeroed the SICBM; HAC voted \$1.5 billion (the same level as the high-tier authorization).

Rail Garrison MX: The number of MXs was reduced from 21 to 12; the Rail Garrison program was cut in half by the HAC, nearly fully funded by the SAC.

Concluding Observations

DepSecDef has said that he will apply to fiscal year 1989 actions that Congress has taken in fiscal year 1988. This implies that deferments will be pushed further "to the right" and killed programs will not be revived. Nevertheless, Taft's priorities appear to be different from those of the Hill. He has stated that he wishes to protect procurement, not R&D, that he is looking for terminations, that readiness and sustainability take precedence over force structure, and, finally, that people and pay are the only areas to take priority over strategic modernization.

Somehow, therefore, Taft has to square his priorities with his desire to reflect Hill action. Moreover, his priorities are not necessarily those outlined in the SILS Commission report. For example, the commission emphasizes R&D, and especially basic and applied technologies, as key areas for

U.S. defense priorities. Both Congress and Taft deemphasize R&D. with Taft according R&D even less priority than the Congress.

LIKELY SERVICE ACTIVITY BASED ON RECENT CUT DRILLS

Service behavior in recent cut drills has been exemplified by:

- Heavy emphasis on accounts with near-term payoffs: military personnel (other than pay); housing; milcon of other kinds; and operations and maintenance
- Proliferation of small reductions in a large number of accounts
- Designation of many accounts below level of interest of DRB principals
- Use of "gold watches" especially in procurement accounts
- Reluctance to touch force structure.

Despite the seemingly larger magnitude of the current cut drill, military service behavior may resemble the past in that the entire cut represents only 10 percent of the DoD budget, which should, therefore, be either manageable or amenable to the type of low-level cuts applied in the past.

The change this time around will be Taft's desire to emphasize force structure reductions. These reductions are unlikely to yield near-term savings unless personnel themselves choose to retire or enlistment rates drop. Crafting disincentives to affect force levels is not too difficult--and has been done in the past. For example, the services could reprice selective reenlistment bonuses, freeze variable housing allowances at the 1987 level, reduce permanent change of station compensation, or similar activities.

Some force level reductions are possible as a result of the INF agreement, though the Army and Air Force apparently have accounted for all the personnel billets now assigned to PII and GLCMs.

There will certainly be some programmatic cancellations. These are likely to be those already killed by Congress--the services will merely be taking FY 1989 credit for savings resulting from FY 1988 kills.

Finally, if recent reports are correct, the Army in particular will resist force structure reductions. The Air Force may cut as many as five tactical fighter wings, and the Navy may consider killing a carrier.

One further consideration: More and more programs are becoming "black." This makes it difficult to assess the impact of service-proposed cuts in these areas, or of congressional cuts and their linkage to the service cuts. It is critical, therefore, that USDP make every attempt to be briefed on both congressional action on black programs and service action as it relates to, or deviates from, what Congress will have done for fiscal year 1988.

REVIEW OF SERVICES' PROPOSALS
(Contract Item 0002AB)

ARMY

GENERAL OBSERVATIONS ON ARMY PROGRAMMATIC REDUCTIONS

- The Army did not comply with SecDef's requirement to cut force structure.
- Force structure cuts--at least one division active and one reserve--are both necessary and feasible.
- The Army did cut planned POMCUS fielding.
- The Army killed Aquila--at last, also Copperhead, which has been an on/off program.
- The Army continues to protect the LHX, despite its large cost and uncertain utility in the near term.
- Despite SecDef's urgent demand to replace DIVAD, the Army delays the FAADS program.
- There are a vast number of stretchouts--the Army, once again, is asking for cost trouble by delaying too many programs for too long.
- There is no connection with strategy in any of the Army's proposed cuts.

SPECIFIC REDUCTIONS

Force Structure

- All the Army did was cancel planned growth.

Readiness and Sustainability

- As noted, POMCUS fielding was cut.
- The planned decline in training and flying hours is a cut from planned growth--readiness impact will be small.
- Despite cuts in war reserve material, it is still not clear whether the Army will fall below 30 days of supply. Should it not do so, the cuts are tolerable. It might be worth inquiring

as to the projected number of days of supply after the cuts are implemented. If the number is less than 30 days, that is cause for concern.

MODERNIZATION

Research and Development

- The Army cut antitactical missile system R&D by over 50 percent, from \$85 million to \$41 million. A large part of these funds should be restored, in line with the recommendations in the CILTS report.
- The Army cut land mine and barrier systems R&D by \$4.2 million, or over 25 percent. This program was one that was being heavily recommended to NATO allies; the cut undermines U.S. credibility in this regard and should be restored. Engineering development was not cut, however.
- Remotely piloted vehicles R&D has been cut by about 90 percent, from \$29.6 million to \$3.3 million. This is an unconscionable cut in systems that would be crucial to FOFA as well as to Third World operations.
- The SATCOM ground environment was reduced by over 60 percent, from \$46.6 million to \$17.7 million. This cut contradicts CILTS emphasis on space-based systems in support of tactical as well as strategic operations.
- Mark XV/IFF: The issue here is the same as that with respect to the Air Force cut. On the one hand, Mark XV IFF is a NATO program. On the other hand, it is very expensive and not liked by the Europeans, who caved in to American pressure. Although it might be argued we would look silly cutting this program, better to save money than to save face.
- Termination of STU III phone: Despite all the arguments against doing so, it is questionable whether the STU III will do more for the forces than the STU II, which never seems to work properly. This is an acceptable cut.

Procurement

- The Army intends to reduce SOF aircraft modifications by \$178 million (plus \$6.4 million in R&D). Given DoD's commitment to SOF, and the need for the MH-60K program in particular, these reductions should be opposed--especially in light of the CILTS report's concern about Third World operations, where the MH-60K would be most valuable.

- The Joint STARS stretch will increase its already expensive costs; perhaps this issue can be revisited.
- The Aquila kill is to be welcomed.
- Significant offsets could be achieved by canceling the LHX program, in light of congressional concerns, as well as the recently implemented AHIP program.

Military Construction

- No obvious major issues.

IN CONCLUSION

- The Army did not cut force structure.
- Numerous R&D decisions are questionable.
- There are too many stretchouts; the LHX is again protected.
- A parting shot: The Army cuts tech base by about 2 percent; true, tech base is to be protected, and perhaps increased, but in the current regime, a 2 percent cut is tolerable.

NAVY

GENERAL OBSERVATIONS ON NAVY PROGRAMMATIC REDUCTIONS

- The Navy did not meet its \$11.7 billion budget cut target; still, the \$10.7 billion cut is close enough to permit the shortfall to be covered by base operations--which is sufficiently fungible to allow for a reduction with little noticeable impact.
- The Navy cut force structure, per SecDef's guidance, but primarily with respect to the Marine Corps. Naval force structure simply did not grow; given the number of new ships entering the fleet, however (based on previous year procurements), the net effect is a reduction of manning levels for the fleet.
- The Navy killed a number of promising new starts and development programs that are critical to implementation of the SITS strategy. These include naval airship (new start); antisurface warfare torpedo (new start); and PXM, a patrol missile boat especially needed for the Caribbean region.
- The Navy continues to procure SSN-21, in spite of many criticisms that the older SSN-688 could be upgraded at considerably less cost.
- New carriers have not been dropped from the program.

SPECIFIC REDUCTIONS

Force Structure

- Manpower reductions--acceptable.
- No Trident buy for FY 89--unacceptable. This is a bad proposal--complicates arms negotiating posture and slows U.S. acquisition of additional hard target kill capability.
- Rapid decommissioning of Poseidons--acceptable.
- Standing down 14th Airwing--acceptable. However, this fails to address fundamental shortfall in Navy TACAIR that can only be resolved by reducing carrier procurement.

- Reduction of CG-47 buy to zero. Congress zeroed the DDG-51 in favor of CG-47. Although this cut looks like a gold watch, it has no policy implications.

Readiness and Sustainability

- Reductions in maintenance programs--acceptable.
- Reductions in levels of missile procurement, spares, etc.:
 - Harm reductions--unacceptable. Harm is important for dealing with Third World (e.g., Libyan) emitters. Navy proposes to reduce buy from 1,700 to 884, thereby significant increasing costs.
 - Penguin termination: The issue here is whether to acquire a missile that the appropriations committees zeroed in FY 88 for reasons of "alliance solidarity." If our policy is to acquire the best systems for our needs, then Penguin can be killed.
 - Many of the other cuts in this area are just too minor for your level of attention (e.g., cuts in periscopes). In general, however, both initial spares and replenishment spares have been cut severely, by nearly 50 percent in each case. These cuts may be too deep.

MODERNIZATION

Research and Development

- Several new starts have been killed and, as noted above, should be revived:
 - Naval airship: A key program for the regional conflicts working group; this program should be revived.
 - Antisurface warfare torpedo: This program could be very important in Third World conflicts.
- Other new starts appear to be acceptable kills.
- 5-Inch SAL GP, a surface-ship-launched guided projectile: This program termination flies in the face of the CILTS recommendation regarding technological initiative. The guided projectile would add significant offensive capability to surface ships at low cost. It is, of course, the embodiment of competition to the aircraft carrier, which is why it was killed.

Procurement

A number of programs that have been delayed or terminated require revisiting from the CILTS perspective. These programs are:

- Trident delay: The importance of SSBN hard target kill capability is well known. This is a classic gold watch by the Navy that, as in every other year, must be opposed.
- Trident 11 missile reduction: The observations regarding Trident apply here as well.
- Navy Special Warfare Equipment: Reductions of 33 percent include weapons, dry docks, and some new starts for maritime special ops. These should all be opposed, in line with the CILTS emphasis on U.S. conduct of Third World conflicts.
- Over the horizon radar: This cut makes very little sense. The relocatable over the horizon radar is important for counter-stealth capability, particularly in Third World areas in which we might confront the Soviets. Its primary current value is as a critical early warning system. Full funding should be restored.
- A-6F: This program has now been killed; Congress likewise killed it this year.
- A small Marine Corps item that might be important. The Navy zeroed topographic survey equipment: Isn't this precisely what the Marines lacked on Granada? It may be worth looking into, even though the dollars are small.
- Quickstrike Mine: This is one of a series of new mines that the Navy has been developing for offensive mine warfare. It is being reduced by 25 percent--\$10.8 million from a base of \$41 million. While the sums are small, the significance is great--limited offensive mine warfare capability hurts our flexibility, especially in Third World contingencies.
- PXM: This small patrol missile ship was especially designed for Caribbean operations. It was conceived in part by John Lehman. It is the wrong ship to cut if we are to take our Western Hemisphere threat seriously.

Military Construction

- Cuts in SOF military construction by 66 percent would severely hamper SOF operations in the Third World. Of greatest concern are those cuts that would take place in the Western Hemisphere. Recall the importance of MILCON on Antigua and the difficulties that had to be overcome to modernize and reorient the facility to its new mission.

ALTERNATIVE REDUCTIONS

- Drop one aircraft carrier from the budget--use the advance procurement for other programs. Savings--advance procurement--\$80 million for advance procurement in FY 1989.
- Delay the SSN-21 program. It is significant that the Navy appears to have zeroed the SSN-21 combat system. Given that decision, the SSN-21 could be significantly delayed. Savings--\$1.088 billion.
- The Navy added another DDG-51 destroyer. This could be dropped for an FY 89 savings of \$704 million.

AIR FORCE

GENERAL OBSERVATIONS ON AIR FORCE PROGRAMMATIC REDUCTIONS

- The Air Force adhered to SecDef's directive and cut \$10.5 billion.
- Air Force force structure reductions of two active and one reserve fighter wing does not significantly damage our capability and conforms to SecDef directive.
- The most serious problems are with programs that are being killed, including ASAT and Joint STARS follow-on.
- Other serious cuts are cause for concern:
 - Killing B-1 monopulse countermeasures, when the Soviets are developing monopulse radars.
 - Deletion of a Caribbean basin radar in FY 89.
 - Delaying the AC-130 gunship, which is needed for Third World operations.
 - Cutting back severely on industrial responsiveness programs.
 - Killing technical onsite inspection funding on the assumption that ACDA will fund.
- On the other hand, the C-17 remains in the program.
- The F-15E has not been severely cut back.
- SICBM is killed, however.

SPECIFIC REDUCTIONS

Force Structure

- Manpower reductions are all acceptable, with two exceptions:
 - The SR-71 program should not stop operation--we cannot rely solely on space-based systems.

- The Reserve Component tactical airlift squadron should not be deactivated. Reserves tend to be as efficient and as effective as active Air Force pilots, and they are used interchangeably with the active pilots.

Readiness and Sustainability

- The Air Force fully funds peacetime operating spares.
- There is no reason to oppose having 30-day sustainability levels; we still do not have accurate measures for sustainability; moreover, 30 days far exceeds what our Allies possess in Europe, while it should suffice for most Third World operations.

MODERNIZATION

Research and Development

The Air Force has made a number of potentially troublesome adjustments in this account:

- A small but significant reduction in the space defense systems account (-\$16 million)
- Reductions in the technology base amounting to \$120 million, or a 12 percent cut
- Reductions in advanced technology development amounting to \$250 million, a 25 percent cut
- An 11 percent cut in the Defense Support Program (-\$11 million)
- A 20 percent cut in Tacit Rainbow (the antiradiation RPV)--down \$9 million. Many of these reductions fly in the face of the CILTS emphasis on both R&D in general and the tech base in particular. Also, there appear to be many other space-related cuts that, again, are counter to the CILTS proposed strategy.
- Mark XV IFF program: This program will complicate the arrangements we have made with NATO. On the other hand, it is extremely costly, and the Allies have never been enthusiastic about it. The kill should stand.
- Joint Tactical Fusion Program: The proposed funding kill for the Air Force's Enemy Situation Correlation Element makes little sense if we are to take FOFA seriously. The major problem with FOFA is C³--this Air Force proposal runs counter to the CILTS emphasis on C³ as a key to successful operations.
- The Air Force cuts in classified FOFA programs make as little sense as the JTFP cut.

Procurement

- The Air Force continues to procure the C-17. The plane is extremely costly, with an uncertain mission. The program could certainly be delayed until the C-141 force truly requires replacement. Recent airlift enhancements have made our airlift capability healthier than ever before. It is far more important to develop fast sealift, such as the surface effect ship proposed by Admiral Metcalf to the CILTS meeting at San Diego.
- The Air Force funds the MX, but at lower levels. This is a rational approach given congressional behavior. The Rail Garrison IOC is also protected, though flight testing is reduced.
- Minuteman penaids have been canceled. Given the killing of SICBM, it may be worth reconsidering the cancellation of this procurement.
- As noted above, it is a major error not to provide the B-1B with monopulse countermeasures.
- Similarly, ASAT should not be canceled.
- Deletion of one OTH-B sector vice two complicates our air defense agreement with Canada. So too does delay in the FOL/DOBS program for forward operations in Canada.
- The deletion of a Caribbean radar is a problem; the program might continually slip "to the right."
- The F-15E continues to be procured in large numbers--36 per annum in FY 89. The program should be slipped further, if not entirely killed, given development of ATF and other aircraft.
- It is a serious error to kill the AC-130 gunship, as noted above. The plane is important and for SOF improvements in particular as well as Third World operations in general. It is a troubling indicator of the USAF's commitment to SOF improvement.
- Tacit Rainbow: This program is being severely cut both in FY 1989 and in the outyears. It is an important adjunct to our capabilities to knock out radars, as the Israelis were able to do in Lebanon in 1983. Full funding should be restored.

Industrial Responsiveness

This is an important though low-cost area that appears to have suffered at USAF hands. Industrial preparedness planning, for example, is cut in half. Industrial modernization incentives are seriously cut. The

tabulation on the next page indicates the various reductions that the Air Force is proposing.

Military Construction

A quick review indicates that these reductions are acceptable.

IN CONCLUSION

The Air Force continues to protect major programs that are dear to it. SICBM was never a USAF favorite. C-17 and F-15E, on the other hand, are quite safe. The force level reductions appear generally acceptable; the procurement, and especially R&D, reductions are not. Although the level of detail is quite particularistic, some concern should be voiced regarding the direction that the USAF is taking in its R&D budget.

REDUCTIONS TO PRODUCTION SUPPORT AND FACILITIES PROJECTS
(\$ millions)

<u>Project Number</u>	<u>Name</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
1000	Expansions	8.579	0	0	0
2000	Packing, Crating, & Handling	0.159	0.100	0	0
3000	Capital Type Rehabilitation	21.525	8.832	1.400	5.485
4000	Replacement & Modernization	0.117	0	0	0
6000	Industrial Preparedness Planning	2.900	1.890	2.000	1.000
7000	Environmental Protection & Restoration	10.466	20.768	24.000	7.000
8000	Industrial Modernization Incentives Program (IMIP)	13.930	10.101	12.600	9.928
9000	Energy Conservation	0	0	0	0
		<u>57.676</u>	<u>41.691</u>	<u>40.000</u>	<u>23.413</u>

CONSOLIDATED REPORT AND POLICY ALTERNATIVES

(Contract Item 0002AC)

CONSOLIDATED REPORT AND POLICY ALTERNATIVES

Congress and the services, by and large, continue to act as in the past and under similar circumstances, with each entity functioning to a much greater extent according to its own internal dynamics than to external pressures. For instance Congressional decisions on the defense budget appear to have no link to an overall strategy, neither to that of the administration nor to one of their own. The Congress continues to act as a body of individuals rather than a coherent entity. The funding statistics support the observation that the maintenance of jobs and bases (O&M) has a higher priority than R&D or weapon systems procurement. Even within the procurement area this preference is evident. An example is the House Procurement Subcommittee mark-up of the FY 89 request. This showed a shift of funds (approximately \$800 million) out of procurement for the active duty units into the Guard and Reserve. On the other hand, the Congress is also reluctant to initiate or support outright cancellation of major programs.

The preference to stretch rather than cancel a program is shared with the services. The services, however, tend to reduce the O&M accounts first when faced with budget reductions, since the outlay impact of an O&M cut is almost immediate.

Most of this activity shows little relation to an overall strategic outlook. This condition makes it imperative that the OSD policy or strategic framework be strongly supported by the DoD leadership in general and by the DRB in particular.

SUGGESTIONS FOR USDP RECOMMENDATIONS TO DRB

It is certainly not necessary for USDP to present a comprehensive proposal to the DRB that accounts for all \$33 billion in reductions. Such a proposal is possible (see the appended worksheets for \$24 billion in cuts in the procurement and R&D accounts alone), but is beside the point. Instead at issue is, on the one hand, protection of priority systems and programs outlined in the CILTS study and, on the other, termination of other programs so as to assure long-term funding for CILTS priorities.

With these considerations in mind, the following programs are to be protected:

Army

- Land mine warfare/barrier engineering development
- ATACMS
- ATM program
- Patriot ATM upgrade
- Satellite communications
- SOF programs

Navy

- SFS (surface effects ship)
- LCAC (Marine Corps air cushioned assault ship)
- ADI (U.S. Navy programs for combating Soviet SLCMs in particular)
- V-22 (aircraft critica] for USMC mobility in Third World)
- Airship program
- ATA
- Sealift enhancement

Air Force

- SOF lift
- AC-130 gunship (important for 3rd world)
- ASAT
- RAIL GARRISON MX
- ATF
- Satellite programs

A number of the above programs have been zeroed by one or more committees of the Congress. As a result, it is likely that the services may try to zero them as well. From the point of view of an integrated strategy, the congressional reductions last year are of no consequence to DoD action this year.

Following are proposed reductions (note again the detail that appears in the appended worksheets):

Army

- LHX (instead continue to fund AHIP)
- FAAD C²
- Aquila

Navy

- UH-60
- Penguin
- SSN-21 (upgrade SSN-688s)
- CVN-75 (fund only one of two carriers with advance funding)

Air Force

- F-15E (not needed in light of F-15, ATF, etc.)
- C-17
- C-27 STOL
- SICBM
- AGM-130 Glide Bomb

In all cases of spares and maintenance, hold to 5 percent real growth, thereby not increasing current levels of days of supply (roughly 30). Effect would be primarily on European forces.

Finally, note that Congress has reduced--and complained about--DoD's C³ programs. These should be protected, at least to some extent, both on the strategic and on the tactical side.

APPENDIX - FY 1989 SAVINGS

FY 1989 SAVINGS

	PRESIDENT'S SUBMISSION	PROPOSED SAVINGS	REVISED LEVELS
ARMY			
RDT&E PROC	6.0 16.6	-0.7 -1.2	5.3 15.4
ACQ TOTAL	22.6	-1.9	20.7
NAVY			
RDT&E PROC	10.0 38.2	-0.3 -8.2	9.7 30.0
ACQ TOTAL	48.2	-8.5	39.7
AIR FORCE			
RDT&E PROC	17.7 38.1	-3.2 -8.5	14.5 29.6
ACQ TOTAL	55.8	-11.7	44.1
DEFENSE AGENCIES			
RDT&E PROC	10.5 1.8	-1.3 -0.2	9.3 1.6
ACQ TOTAL	12.3	-1.5	10.9
TOTAL DOD			
RDT&E PROC	44.2 94.7	-5.5 -18.1	38.8 76.6
ACQ TOTAL	138.9	-23.6	115.4

		RDTE	QTY	PROC / \$ - M	TOTAL SAVINGS	ACTION
APPN: AIRCRAFT PROCUREMENT, ARMY						
(APA)						
BA 01: AIRCRAFT						
	EH-60A		-5	/ -51	-51	DEFER PRODUCTION
	LWX	-532	-	/ -	-532	TERMINATE PROGRAM
	TOTAL RDTE & APA	-532	-5	/ -51	-583	
APPN: MISSILE PROCUREMENT, ARMY						
(MPA)						
	AIR DEFENSE SYSTEM - HEAVY		-464	/ -173	-173	DEFER PRODUCTION
	PATRIOT		-100	/ -103	-103	REDUCE BUY TO FY 88 LEVELS
	ATACHS		-800	/ -32	-32	DEFER PRODUCTION
	PERSHING II		-33	/ -41	-41	TERMINATE PROGRAM
	ATM	-65	-	/ -16	-81	RESTRUCTURE PROGRAM & DEFER PRODUCTION
	TOTAL RDTE & MPA	-65	-1397	/ -365	-430	

FY 1989 SAVINGS

	RD&E	QTY	PROC	\$ - M	TOTAL	ACTION
WEAPONS & TRACKED COMBAT VEHICLES						
(WTCVS)						
M88 A1 RV		-80	/	-106	-106	DEFER PRODUCTION
ARMORED FAMILY OF VEHICLES (AFV)	-45	-	/	-	-45	RESTRUCTURE PROGRAM GIVEN FY 88 ACTIONS
TOTAL RD&E & WTCVS	-45	-80	/	-106	-151	
APPN: PROCUREMENT AMMUNITION, ARMY						
(PAA)						

FY 1989 SAVINGS

	RT&E	QTY	PROC / \$ - M	TOTAL SAVINGS	ACTION
APPN: OTHER PROCUREMENT, ARMY					
(OPA)					
AFATDS		- /	-79	-79	DEFER PRODUCTION
ADDS		- /	-159	-159	RESTRUCTURE
LOGISTICS AUTO SYS		- /	-14	-14	TERMINATE PROGRAM
FL MCS		- /	-10	-10	DEFER PRODUCTION
PERSONNEL AUTOMATION SYS		- /	-15	-15	TERMINATE PROGRAM
CTASC		- /	-8	-8	TERMINATE PROGRAM
TACCS		- /	-1	-1	TERMINATE PROGRAM
FAAD C2		- /	-63	-63	TERMINATE PROGRAM
POSITIVE HOSTILE ID		- /	-14	-14	TERMINATE PROGRAM
TADARS RPV	-30	- /	-226	-256	TERMINATE PROGRAM
UAVS	-11	- /	-92	-103	TERMINATE PROGRAM
TOTAL RT&E & OPA	-41	- /	-681	-722	
TOTAL ARMY RT&E & PROC	-683		-1203	-1886	

FY 1989 SAVINGS

	RD&E	QTY	PROC	\$ - M	TOTAL	SAVINGS	ACTION
APN: AIRCRAFT PROCUREMENT, NAVY							
(APN)							
BA 01: COMBAT AIRCRAFT							
A-6F		-18	/	-840	-840		TERMINATE PROGRAM
EX		-8	/	-235	-235		TERMINATE PROGRAM
P-3C/G		-	/	-44	-44		DEFER PRODUCTION
UH-60		-3	/	-38	-38		TERMINATE PROGRAM
TOTAL RD&E & APN			/	-1157	-1157		

FY 1989 SAVINGS

	RDTE	QTY	PROC / \$ - M	TOTAL SAVINGS	ACTION
APPN: WEAPON PROCUREMENT NAVY					
(WPN)					
JOINT ADV. SYSTEM	-237	- /	-	-237	TERMINATE PROGRAM
AAAM	-88	- /	-	-88	TERMINATE PROGRAM
AHRAAM		-50 /	-118	-118	REDUCE BUY TO FY 88 LEVELS
PHOENIX		-130 /	-108	-108	REDUCE BUY TO FY 88 LEVELS
HARPOON		-776	-176	-176	REDUCE BUY TO FY 88 LEVELS
SM-2		-485 /	-242	-242	REDUCE BUY TO FY 88 LEVELS
12R MAVERIC		-131 /	-19	-19	REDUCE BUY TO FY 88 LEVELS
PENGUIN		-64 /	-33	-33	TERMINATE PROGRAM
AERIAL TARGETS		- /	-43	-43	REDUCE BUY TO FY 88 LEVELS
DRONES & DECOYS		- /	-62	-62	REDUCE BUY TO FY 88 LEVELS
ORDINANCE SUPPORT		- /	-236	-236	REDUCE BUY TO FY 88 LEVELS
MK48 ADCAP		-100 /	-155	-155	REDUCE BUY TO FY 88 LEVELS
MK50 ALWT		-224 /	-278	-278	DEFER PRODUCTION
VLA		-340 /	-70	-70	DEFER PRODUCTION
TOTAL RDTE & WPN	-325		-1540	-1628	

FY 1989 SAVINGS

	RD&E	QTY	PROC	\$ - M	TOTAL	SAVINGS	ACTION
APPN:SHIPBUILDING AND CONVERSION, NAVY							
(SCN)							
BA01: FBM SHIPS							
SSBN-726		-1	-1254		-1254		SLOW RATE TO 1 SSBN PER 2 YRS
BA02: OTHER WARSHIPS							
CVN-75 AP		-	-200		-200		DEFER AP FOR CVN 75 (2ND CVN)
SSN-21		-1	-1481		-1481		RESTRUCTURE PROGRAM
DDG-51		-3	-2205		-2205		CANCEL IN FAVOR OF CG 47S
CG-47		2	1780		1780		ADD TO OFFSET DDG-51 PROGRAM
SSN-688		1	750		750		ADD TO OFFSET SSN-21
BA03: AMPHIBIOUS ASSAULT SHIPS							
LHD-1		-1	-808		-808		DEFER CONSTRUCTION

FY 1989 SAVINGS

	RD&E	PROC	TOTAL	
	QTY	/ \$ - M	SAVINGS	ACTION
BA05: AUXILIARIES				
ADE-X	-1	/ -425	-425	DEFER CONSTRUCTION
TACOS-1	-3	/ -169	-169	DEFER CONSTRUCTION
LCAC	-9	/ -229	-229	TERMINATE PROGRAM
TOTAL RD&E & SCN		-4241	-4241	

FY 1989 SAVINGS

	RD&E	QTY	PROC / \$ - M	TOTAL SAVINGS	ACTION
APPN: OTHER PROCUREMENT, NAVY					
(OPN)					
SHIPS SUPPORT EQUIPMENT *			/ -95	-95.2	LIMIT REAL GROWTH TO 5 PCT
C-E EQUIPMENT *			/ -430	-429.7	LIMIT REAL GROWTH TO 5 PCT
AVIATION SUPPORT EQUIPMENT *			/ -8	-8.1	LIMIT REAL GROWTH TO 5 PCT
ORDNANCE SUPPORT EQUIPMENT *			/ -542	-541.7	LIMIT REAL GROWTH TO 5 PCT
CIVIL ENGINEERING SUPPORT EQUIPMENT *			/ -31	-30.5	LIMIT REAL GROWTH TO 5 PCT
SUPPLY SUPPORT EQUIPMENT *			/ -65	-64.7	LIMIT REAL GROWTH TO 5 PCT
PERSONNEL AND COMMAND SUPPORT EQ *			/ -45	-44.6	LIMIT REAL GROWTH TO 5 PCT
SPARES AND REPAIR PARTS *			/ -3	-3.4	LIMIT REAL GROWTH TO 5 PCT
TOTAL RD&E & OPN			-1218	-1217.9	
APPN: PROCUREMENT, MARINE CORPS			/ -112	-112	LIMIT REAL GROWTH TO 5 PCT
(PMC)					
TOTAL NAVY RD&E AND PROC	-325		-8241	-8566	

FY 1989 SAVINGS

	RDTE	QTY	PROC	\$ - M	TOTAL	SAVINGS	ACTION
APPN: AIRCRAFT PROCUREMENT, AIR FORCE							
(APAF)							
BA 01: COMBAT AIRCRAFT							
F-15E		-42	-1620		-1620		TERMINATE PROGRAM
F-16C/D		-60	-1040		-1040		REDUCE BUY TO 120 A/C PER YR
AC-130U		-6	-245		-245		TERMINATE PROGRAM
BA 02: AIRLIFT AIRCRAFT							
C-17	-982	-4	-1000		-1982		TERMINATE PROGRAM
C-27 STOL		-5	-65		-65		TERMINATE PROGRAM
BA 05: MODIFICATION OF IN-SERVICE EQ *				-410	-410		LIMIT REAL GROWTH TO 5 PCT
BA 06: SPARES & REPAIR PARTS *				-93	-93		LIMIT REAL GROWTH TO 5 PCT
BA 07: AIRCRAFT SUPPORT EQUIPMENT *				-1190	-1190		LIMIT REAL GROWTH TO 5 PCT
TOTAL RDTE & APAF	-982	-117	-5663		-6645		

FY 1989 SAVINGS

	RD&E	QTY	PROC	\$ - M	TOTAL SAVINGS	ACTION
APPN: MISSILE PROCUREMENT, AIR FORCE						
(MPAF)						
BA 01: BALLISTIC MISSILES						
PEACEKEEPER		-9	-583		-583	REDUCE BUY TO 12 ICBMS PER YR
SMALL ICBM	-2229	-	-122		-2351	TERMINATE PROGRAM
BA 02: OTHER MISSILES						
ACM-130 POWERED GBU-15		-235	-92		-92	TERMINATE PROGRAM
AIM-120 AMRAAM		-1250	-625		-625	REDUCE BUY
BA 04: SPARES & REPAIR PARTS *				-63	-63	LIMIT REAL GROWTH TO 5 PCT
BA 05: OTHER SUPPORT *				-800	-800	LIMIT REAL GROWTH TO 5 PCT
TOTAL RD&E & MPAF	-2229	-1494	-2285		-4514	

FY 1989 SAVINGS

	RD&E	QTY	PROC / \$ - M	TOTAL SAVINGS	ACTION
APPN: OTHER PROCUREMENT, AIR FORCE (OPAF)					
BA 01: MUNITIONS & ASSOCIATED EQ *			-142	-142	LIMIT REAL GROWTH TO 5 PCT
BA 02: VEHICULAR EQUIPMENT *			-54	-54	LIMIT REAL GROWTH TO 5 PCT
BA 03: ELECTRONICS & TELECOMM. *			-358	-358	LIMIT REAL GROWTH TO 5 PCT
BA 04: OTHER BASE MAINT. & SPT EQ *			-10	-10	LIMIT REAL GROWTH TO 5 PCT
TOTAL RD&E & OPAF			-564	-564	
TOTAL AIR FORCE RD&E & PROC	-3211		-8512	-11723	

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